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# Discount Store News®

*THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY*

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# Dayton Hudson Offspring Debut on Coast

## 8 Targets Bow, Widen Activewear

SAN DIEGO—Target has opened on the West Coast.

While the mix and layout are typical of the Minneapolis discounter, there were signs that the chain is also adapting to its new surroundings.

In apparel, for example, the men's and boys' wear areas have been enlarged to accommodate a broader assortment of activewear—the dressing style of choice for southern Californians.

Name-brand goods, like Pacific Coast Highway and Ocean Pacific, long popular on the West Coast for their bright colors and casual styling, have been added to strengthen the assortment. Izod shirts, jeans

*(Continued on page 5)*

The object is for Plums to be different—in merchandising and decor—from the long list of off-price retailers, and it succeeds. For more photos of Plums, plus Target in San Diego, see p. 4. *(DSN photo)*

## 1st 3 Plums Use Unique Off-price Rx

By MARILYN NEERMAN

LOS ANGELES—Plums, Dayton Hudson's bow into off-price apparel retailing, isn't like Marshalls, or Loehmann's, or T. J. Maxx or any others in the off-price ranks.

The three units that opened simultaneously in mid-March in the Los Angeles area revealed that Plums' chairman and ceo, Edwin G. Roberts, has put together a unique, new, off-price formula.

It's a formula, said Roberts, that's expected to yield "over $200 in sales per square foot in the first year of operation." The stores range between 20,000 and 25,000 sq. ft. of selling space.

*(Continued on page 5)*

## Discounters Win Support In RPM Controversy

WASHINGTON—Indications are that discount store and catalog showroom executives have drawn first blood in the resale price maintenance (RPM) controversy.

Rep. William Hughes (D-N.J.) told *Discount Store News* that a number of Judiciary Committee members plan to ask Chairman Peter Rodino (D-N.J.) to urge the Supreme Court to reject Justice Department Antitrust Chief William Baxter's request for a change in the legal ground rules under which RPM has been treated as an automatic antitrust violation for the past 70 years.

*Wal-Mart and Best Products execs say Baxter's pro-RPM views strain relations with suppliers. Story, p. 2.*

Specifically, Hughes and other committee members hope to convince Rodino to intervene in the pending Supreme Court Monsanto-case RPM showdown on behalf of

*(Continued on page 49)*

## 4 Older Bests Get Open Look; Could Be Remodeling Prototype

DALLAS—Best Products has completely revamped its four older, full-line showrooms in this area into what could become a model for refurbishing about four dozen stores 10 years old and older.

The remake resulted in an open look that has jewelry in the center of the store surrounded by other categories. The traffic flow is such that customers can shop all the other departments as they make a circuit around the showroom.

The remodeling had four immediate goals: increase operating efficiencies; show more merchandise in less space; highlight higher-margin departments, and boost the exposure and physical availability of goods to customers.

At the same time, Best wanted to upgrade the showrooms' decor so the total environment would be in tune with the diamonds, jewelry and other big-ticket items carried.

The cataloger was also interested in learning how to keep a showroom open and "shoppable" during a remodeling, rather than closing down the unit during a refurbishing. Best used the Doody Co. to help design the new format and direct the refurbishing while the showrooms remained open.

The four showrooms are each about 60,000 sq. ft., with the Arlington unit a one-floor structure, and the stores in Farmers Range, Hurst and Mesquite each two-story buildings.

The 30,000-sq.-ft. mini showroom in Plano, Tex., which opened about two years ago wasn't remodeled.

Company showrooms that are at least 10 years old include about two dozen Best logo stores and about another two dozen under the LaBelle's, Jafco, Dolgins, Rogers and Millers names that were acquired in the

*(Continued on page 50)*

Andrew Lewis

Joel Koblentz

## Best's Restructuring Pace Pleases Top Executives

RICHMOND—Best Products president Andrew Lewis and executive vice president and chief financial officer Joel Koblentz feel "very comfortable" with the slow but steady pace of the company's restructuring.

The moves under way at the $2 billion company focus on changing it into a more diversified retailer and include the high-priority consolidation of Modern Merchandising, acquired last year.

In a wide-ranging interview at company headquarters in Richmond, Best's two top ex-

*(Continued on page 50)*

## Digest April 4, 1982

**BACK-TO-SCHOOL**

- **Merchandising for back-to-school will expand into such home** decor categories as telephones, stylish home-office accessories, and home computers and software. (Special section, pp. 9-16, 29-31)

**STATIONERY**

- **Stationery buyers are encouraged by lower costs on paper and** pencils, and by licensed products. (Supplement, pp. 17-24)

**TOYS**

- **Stable or lower costs are the big news in preschool. (p. 41)**

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# Jamesway, Invading Del., Md., Eyes 20% Sales Rise in 1983

NEW YORK—Jamesway will debut in Delaware and Maryland this month—making it a six-state operation.

Volume for the chain is expected to rise 20% and hit $400 million for fiscal 1983, Jamesway chairman and ceo Herbert Fisher told a meeting of retail stock analysts here.

For fiscal 1982, Jamesway's sales increased 12% to $332.4 million from $296.1 million in 1981. Store count increased by three to 68.

Chain execs are predicting bigger sales gains this year as 10 new stores are added, a POS system is further developed and soft lines merchandising is strengthened.

The chain's 10-unit expansion plan for 1983 includes this month's unveiling of three ex-Woolco units in the new markets of Delaware and Maryland and another ex-Woolco site in Cornwell Heights, Pa., plus last month's openings of two former King's units in Hyde Park, N.Y., and Warrington, Pa. Later this year the chain will open in a former Woolco in Sterling, Va. An eighth site is under construction in Tenet, Pa., and two more stores are currently being negotiated.

Fisher told analysts the former Woolco units in Laurel, Md.; Claymont, Del., and Sterling, Va., will link the stores in neighboring states of Pennsylvania and New Jersey with the current Culpepper, Va., store. He added that for the next five years Jamesway's expansion will focus on its present six-state area.

In three of the four ex-Woolco locations, Jamesway whittled the 103,000-sq.-ft. stores down to 70,000, 80,000 and 50,000 sq. ft., renting the extra space out to other retailers. A fourth location—83,000 sq. ft.—will remain the same size.

The reasons for the predicted 20% increase in volume this year are the same as those for an expected record earnings for fiscal 1982, Jamesway president Arlie Lazarus told analysts.

Lazarus said better buying, better tracking of sales with the help of POS equipment, and improved management boosted 1982 figures.

For 1982, results were seen in markups a full percentage point higher than in 1981, payroll costs down by 0.1% for the second year in a row, and a drop in shrink from 1.6% to 1%.

*(Continued on page 50)*

# Jeans, Activewear, Fleece Look Hot For Men's, Boys'

By MARILYN NEERMAN

LOS ANGELES—Positive signs for discounters' fall/back-to-school 1983 selling season were abundant at the MAGIC (Men's Apparel Guild in California) show.

Among them, new and salable fashion looks—softened colors; the "survival" look; stonewashed, black and prewashed jeans; color-coordinated activewear and fleece; argyles and ragg yarns in sweaters—combined with some improvement in the economy were expected to contribute to a strong back-to-school season for boys' wear.

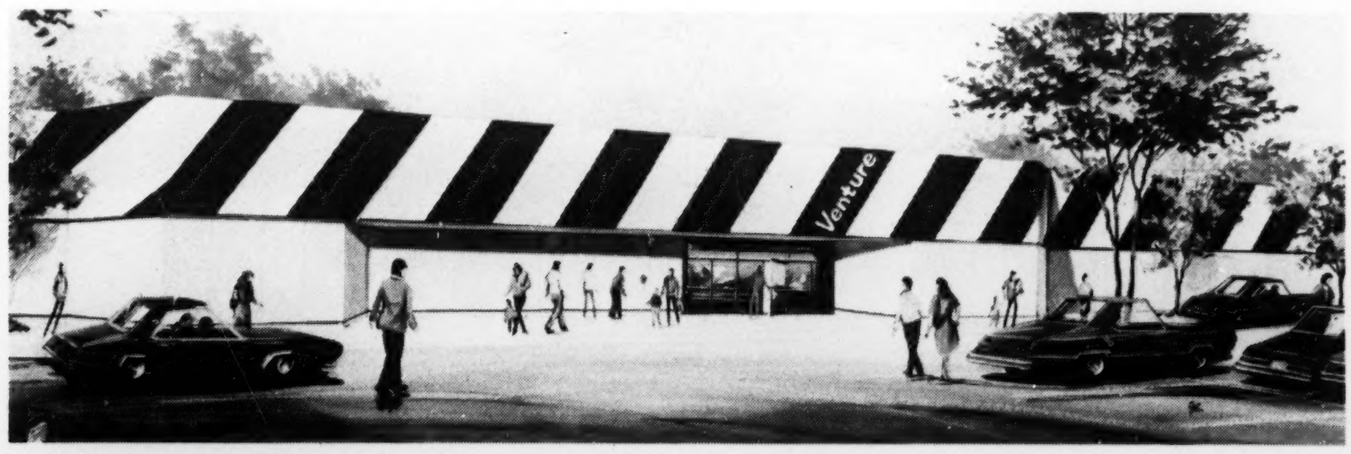
Discounters, very much in evidence along the aisle of the Convention Center, said their MAGIC objectives were: to spot the strong incoming fashion trends; scout for new resources—including traditionally department store brands, and buy spring promotions for immediate delivery.

On all counts, discounters reported they hit the bull's-eye.

The walls haven't come tumbling down yet, but there were signs that more volume department store boys' and men's wear brands were moving closer to courting discounter business, either by selling direct or through diverters.

For instance, a Los Angeles-based diverter made a fall fashion presentation to the Atlas member stores meeting at MAGIC. The buyer for a southern discount chain said: "This was a first at an Atlas meeting; this diverter had everything—a long list of department store lines. We could place sizes and colors any way we wanted them—no different than shopping the line in the manufacturers' showroom."

*(Continued on page 9)*




The sleek design of the new Venture stores reflects management's continuing upscale mood. Similar fronts will dominate the planned 19 new stores.

# Venture, Once Burned, Maps Expansion With Care: 19 Stores Due Over 3 Years

ST. LOUIS—Barely four years after being burned in a major expansion effort, Venture is growing again, planning to add 19 stores—and at least two new markets—to the 47-store chain.

The project will bring the May Department Stores discounter a 40% store growth rate over the next three years.

The most dramatic moves will occur this year when Venture opens three stores in Oklahoma City and one in Springfield, Ill.—new areas for the chain. Eight others are planned for 1984; the remaining seven will open in 1985 when company projections are for $1 billion in sales.

"They won't open all at once, that's for sure," said Venture president Julian Seeherman. "We're not going to be rushing like we did—acquiring 13 stores in April and opening them in August. Every move will be planned and programmed."

That kind of planning was apparently absent in 1978 when the chain converted a recently purchased collection of Turn-Style stores and opened a new distribution center in Chicago. Then, the company's operating profits plummeted from $19.6 million in 1977 to a low of $8.2 million in 1979.

But that's behind them now, Seeherman said. Venture's operating profits rose to $30 million with sales of $680 milion for the fiscal year just ending, a leap of 78.5% over the previous year.

Company officials said the improvement reflects increased productivity, tightened inventory control, expanded custom-

*(Continued on page 48)*

# Turning Point For K mart: Net Went Up 19% in '82 And 44% in 4th Quarter

TROY, Mich.—Chairman Bernard M. Fauber called fourth-quarter and fiscal 1982 earnings " . . . a turning point for K mart Corporation . . ." and Wall Street analysts agreed.

Fourth-quarter net earnings, before a provision for store closings, jumped 63%, reaching an all-time high of $187 million compared with $114.9 million for the same period last year.

Following an after-tax charge of $21.8 million for the closing of 25 K mart stores—including eight 1982 closings and 17 more to be phased out in 1983—net income for the quarter ended Jan. 26, 1983, was $165.2 million, a 44% gain. The write-off provisions also included the cost of closing 66 Kresge and Jupiter stores in 1982.

For the full year, K mart's net income rose 29.8% to $285.8 million, prior to a $44.5 million provision for store closings. Including this write-off, net income rose 19% to $261.8 million.

The company's healthier bottom line was achieved without a parallel sales growth. In fact, for the fourth quarter, sales slipped 0.2% to $5.14 billion from $5.15 billion. For the year, sales were $16.77 billion, a 1.5%

*(Continued on page 48)*

# 1983 Sales Off to Encouraging Start After a Big 1982

*Nationwide DSN Report*

Major discounters appear to be on the rebound from a sluggish economy and changing consumer moods, with many reporting record sales and profits at the end of their fiscal year.

And, early figures for the new year look encouraging.

There is some divergence of opinion among chain executives about whether the improved performances resulted from an upturned economy or the retailers' adaptation to changing times. Some agree that it is a combination of the two.

The activities of the chains during the past year tell the story—in bottom-line terms.

K mart, which realized an 18.9% jump in net earnings, had instituted numerous changes to improve the picture. (See story this page.)

Some of the most impressive gains were posted by smaller chains. Dollar General showed an 18.2% boost in sales and a 56.9% hike in net profits. Duckwall-ALCO realized a 53.6% net profit increase on an 8.6% gain in sales.

William P. Arnold, chairman of Associated Dry Goods, owner of Caldor, said his firm's record sales and earnings were gratifying in view of the tough times.

"We are encouraged by the first early signs we've seen of an improvement in consumer confidence and spending levels," he said.

ADG's net earnings rose 31.2% for the year. Its sales increased 16%, with Caldor contributing nearly a third of the year's $3.1 billion volume.

Wal-Mart joined the record-breaking crowd with a solid 38.1% increase in sales and a 49.8% hike in net earnings.

Chairman Sam Walton said he expects a "challenging" economic environment this year and ascribed the firm's showing to a strong marketing strategy

*(Continued on page 48)*

## Most Chains Show Double-Digit Earnings Gains For '82

| Company | Annual Sales (millions)* 1982 | 1981 | % Change | Annual Earnings (loss) (millions)* 1982 | 1981 | % Change |
|---|---|---|---|---|---|---|
| K mart | $16,986 | $16,723 | + 1.6 | $261.8[a] | $220.3 | +18.9 |
| Federated[f] | 7,700 | 7,070 | + 8.9 | (232.8) | 258.3 | (−10.9) |
| Dayton Hudson | 5,660 | 4,940 | +14.6 | 198.4 | 159.5 | +24.4 |
| Target | 2,410 | 2,050 | +17.6 | 150.0[b] | 108.7[c] | +38.0 |
| Mervyn's | 1,336 | 1,062 | +25.8 | 151.9[b] | 119.6[c] | +27.0 |
| F. W. Woolworth | 5,124 | 5,075 | + 1.0 | (353.0)[d] | 82.0 | — |
| Wal-Mart | 3,376 | 2,444 | +38.1 | 124.1 | 82.8 | +49.9 |
| ADG | 3,188 | 2,751 | +15.8 | 78.4 | 69.8 | +12.3 |
| Caldor[e] | 925 | 779 | +18.7 | NA | 41.5 | NA |
| Stop & Shop[g] | 2,340 | 2,170 | + 7.8 | 34.8 | 24.5 | +42.0 |
| Zayre | 2,139 | 1,790 | +19.5 | 35.2 | 22.1 | +59.3 |
| SCOA[h] | 1,155 | 1,057 | + 9.2 | 36.1 | 32.1 | +12.4 |
| Toys "R" Us | 1,042 | 783 | +32.8 | 64.2 | 48.9 | +31.3 |
| Pay Less | 784 | 759 | + 3.4 | 19.4 | 16.7 | +16.3 |
| Venture | 680 | 612 | +11.1 | 30.0[c] | 17.0[c] | +76.5 |
| Dollar General | 290 | 245 | +18.2 | 11.3 | 7.2 | +57.2 |
| Duckwall-ALCO | 216 | 199 | + 8.6 | 4.3 | 2.8 | +55.4 |

**All figures have been rounded. [a]After provision for closing 25 stores. [b]Chain estimate. [c]Operating earnings. [d]Includes $398 million charge for discontinued Woolco operations. [e]Caldor was acquired by Associated Dry Goods in May 1982. [f]Parent of Gold Circle. [g]Parent of Bradlees. [h]Parent of Hills.*

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# Turning Point For K mart

*(Continued from page 3)*

increase over the $16.53 billion in 1981.

Fauber attributed earnings gains to "improvements in merchandising, store operations and systems development." He noted a gain in gross profit margins for the fourth quarter, from 23% to 26% of sales, and for the year, from 25.2% to 26.7%.

"The closing of 25 K mart stores, in which 1982 operating losses were approximately $10 million, will also provide future benefits," said Fauber.

Fred W. Wintzer Jr., of Lehman Brothers Kuhn Loeb agreed that K mart's recent announcement about more store closings was one of several positive moves the discount store giant has been making.

"They're on their way,"said Wintzer. "Their good fourth-quarter earnings came with no sales growth, but now K mart's sales are picking up too."

Wintzer added K mart has completed a two-year study of all aspects of its operation with some fruits of that study being such positive moves as cutting out, or back, nonproductive areas like yard goods, major appliances and auto service centers, and building up potential volume areas like the new home centers.

### New Moves

"Now, they're paring back the unproductive stores," said Wintzer. "They're figuring that the remainder of their units will be viable with the whole spate of changes being made under their banner, 'the new look of the 80's'. The whole package will take about eight years."

Another Wall Street analyst concurred. "K mart," he said, "has finally taken the bull by the horns and started weeding out nonproductive stores; this is the first time K mart has done this. They've realized the discount store industry has matured; that future growth must come, not from discount store unit expansion, but by greater productivity in existing stores and building future volume with the new offshoots, like Designer Depot, their off-price apparel launch."

This same analyst, noting K mart's fourth-quarter earnings and its store-closing plan; just raised his per-share earnings estimate for K mart for 1983 and is considering an upward adjustment for 1984.

Commenting on K mart's strategy of de-emphasizing new-store expansion, Fauber said the chain plans to open about 75 new K mart stores in 1983, compared to 70 in 1982 and 171 in 1981.

He said the reduced store-opening program "represents the company's objective to devote more management and financial resources to existing facilities. . . ."

# Jeans, Activewear and Fleece

*(Continued from page 9)*

Wrangler with coordinates. The Lee patch has become a status symbol, but this isn't trendy like designer jeans."

Ron Kohl, buyer for Murphy's Mart predicted: "As much as 80% to 85% of our boys' jeans business this fall will be with Lee and Wrangler. This is a shift from 1982 when the majority of our sales were with imports. And, it's a big change in price. Our imports were at $7; the brands are double that. But, Lee and Wrangler are 'in,' and they represent quality."

With or without a branded label, the three operative words for back-to-school volume selling are jeans, activewear and fleece.

Robert Moore, senior buyer for K mart, was one of several buyers highly enthusiastic about the prospects for fleece sportswear.

Noting the extension of fall's new softened, or "foggy" color palette into fleece—plus the addition of fashion styling like grommets, zippers and color blocking, and fabric "twinning," using woven collars, cuffs, yokes, etc., with fleece—K mart, Fishers Big Wheel, ShopKo, and Heck's are among the chains planning to treat fleece as both a basic and a fashion category for fall.

Moore of K mart said: "Fleece looks very strong for fall with many new fashion looks salable to our customers. We're going to go after it two ways, as a basic and a fashion look. We did this to some degree last year, but we will expand our fashion presentation. We also like the layered look for fleece; we'll be doing more with coordinates."

"Fleece basics will be our bread and butter," said Kohl of Murphy's Mart, "but the big growth will be in the fashion area. We're moving into color coordinate groupings, planned to mix-and-match, of two or three colors with price points from $7 to $14."

At Fishers Big Wheel, Pallini called the updated fleece "with fabric inserts, striping, and new colors very, very important for fall."

"The boys' look for fall," said Pallini, "is the rugged, 'survival' look. Fleece and activewear are both part of this look, which is going to explode this year. For fall, 50% of boys' wear will be in this type of merchandise. Heavily pocketed cut 'n' sewn shirts and Swiss army-type shirts are also in this survival look; so are the outerwear jackets with heavy brass zippers, grommets and extra Velcro closings."

Pallini believes the zipoffs in jackets will be promotional items; the "Members Only" look has run its course with the rugged look taking over for fall.

For outerwear, Heck's buyers were most enthusiastic about the chintz finished shell and chintz with corduroy in both "Members Only" and survival-type styling. They agreed the zipoffs would be the price-footballed outerwear this fall.

# Venture Charts Expansion With Care

*(Continued from page 3)*

er service and upgraded merchandise.

All three of the Oklahoma City stores will be in shopping centers. Two, located at the French Market and South Shield centers, will be converted Woolco locations. The third, at Midwest City, will be newly constructed.

The Springfield store will be freestanding.

The locations of the remaining stores weren't disclosed, in part because of continuing real estate negotiations, Seeherman said. However, he acknowledged that Venture is still considering entry into other new markets.

"We do know that we're going to stay within a 500-mile radius of our current trading," he said. "We have no major concerns about moving into new or old markets—we're going to try to do both."

But, Seeherman conceded that there are some concerns he'll be tracking closely.

"Remoteness is always a problem when a store is 400 miles away from its home base," he said. "We're just going to make sure that every step we take is a firm one."

Seeherman said that Venture would continue its present upscale strategy, partly through a greater emphasis on soft lines. Apparel will take up the entire infield of the stores' race track design.

That floor plan, and a store featuring a lower-slung portico, were unveiled late last year with the opening of the Forest Park, Ill., store.

The chain has also been steadily upgrading its assortments, and casting itself as a quality discounter in a search for new customers. Recently some of the store's ads have knocked heads with area department stores, making direct comparisons of price and merchandise on selected items.

Venture's 47 stores are currently located in the Chicago area, St. Louis, Kansas City and five smaller midwestern cities.

# Record '82 Sales, Profits

*(Continued from page 3)*

combined with rigorous expense controls.

"We are heartened by the early sales results [this year] and believe our opportunities never to have been better," he said.

Target posted a 38% operating profit surge for fiscal 1982, a substantial contribution to the 24% net earnings increase for its parent, Dayton Hudson.

"Christmas sales weren't quite as strong as we hoped," chairman William Andres said, "but January sales were exceptionally good."

Andres also credited a slowing of inflation for strong fourth-quarter numbers.

Other discounters reported strong fourth quarters, as well, lending credence to predictions of better times ahead.

"The current economic climate has forced discounters to be smarter, not necessarily bigger," commented one retail observer.

## Luria Is Contender For Award in Fla.

MIAMI LAKES, Fla.—L. Luria & Son is one of the 15 finalists being considered for the Company of the Year in Florida award, presented by the *Miami Herald*.

The award recipient will be announced next month.

Judges are the deans of three south Florida business schools.